

Free Trader



The Piney Woods Planter

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THERE ARE ONLY TWO SORTS OF GOVERNMENT, ONE OF, AND THE OTHER OVER THE PEOPLE;—WE HAVE SWORN TO SUPPORT THE FORMER AND OPPOSE THE LATTER.

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TERMS.

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GOVERNOR'S MESSAGE

ACCOMPANYING THE
BANK COMMISSIONERS' REPORT.
To the Senate and House of Representatives of the State of Mississippi:

Herewith I transmit the Report of the Bank Commissioners of the State of Mississippi, showing the situation of that portion of the Banks examined by them. The facts therein disclosed, and the magnitude of the abuses proven to exist, cannot fail to arrest the serious attention of the Legislature, and demand a speedy and efficient correction.

It appears from the report that a few persons have obtained the control of the various banks, and made most of the loans to commission merchants, speculators and officers of the banks, and we are left to infer that the large borrowers are totally unable, at present, to pay any part of their loans. The banks, therefore, are now looking to the planters—the drawers and endorsers of the bills—for their security, and depend entirely on them for ultimate payment. This deplorable result has been mainly effected by the course which the banks have pursued in applying most of their funds to the purchase of bills of exchange drawn on cotton monopolists, and not predicated on funds in hand, or even expected at the time and place of maturity. Two causes have led to this policy. In the first place, the commission merchants contrived, either directly or indirectly, to obtain the control of the banks—secondly, the unjust practice of the banks in taking usurious interest, in the shape of exchange, induced them to discount all the bills they could obtain, and invest but a small portion of their capital in the discount of notes. By so doing, they were enabled to make large profits for the stockholders, but deprived that portion of the people who were unable to obtain New-Orleans acceptances, of all participation in the benefits of their loans. The banks seem not to have considered that the ability of the commission merchant to pay his acceptances was dependant, almost entirely, on the shipments of produce by the drawers of bills, and that whenever they discounted paper not predicated on remittances of cotton, but on credit alone, they thereby hazarded the safety of their several institutions and jeopardized the interest of the whole community.

The seventeen banks and branch banks examined by the commissioners, had \$303,304 95 of specie in their vaults, and have made advances on cotton to the amount of \$314,307 12, while their circulation amounts to \$3,840,321—their deposits to \$1,401,248 06; and the amount due them from other banks exceeds their liabilities to the same. The report does not show what amount of their notes and bills discounted are available now or will be in any given period. The ability of the banks to resume specie payments, and at the same time to keep in circulation a currency sufficient to meet the demands of the country, depends on the availability of their discounts. Judging from the vast amount of loans made to a few individuals, combined with a knowledge of the fact, that the means of the borrowers consist mostly of unproductive property, I conclude that the banks will not realize much from those who are heavily indebted, for several years to come.

The abundant resources of the State, however, together with the fixed determination manifested by the people to incur no new debts which they can possibly avoid, will have a favorable influence in restoring confidence, and soon enable the banks to resume specie payments. Harmonious action, is nevertheless indispensable, and the banks should be prohibited from extending their issues until the resumption is effected. The present circulation of our banks amounts to more than six millions of dollars; a portion of it,

however, is not in active circulation, but held by the several banks. A circulation equal to one-fifth of the annual products of the country is admitted, by political economists, to be amply sufficient. Our exports cannot be safely valued at more than fifteen millions of dollars. The product of the soil alone can be relied on to pay our foreign debt, and reinstate our credit. Excessive bank issues would only cause our currency to depreciate still more, procrastinate the resumption of specie payments, and demoralize the country.

An imperious sense of duty requires me to call your attention to the situation and conduct of the Planters' and Agricultural Banks—chartered for the express purpose of promoting our great agricultural interests, they have, from their commencement, disregarded their respective charters, totally neglected the great objects of their creation, and defied the legislative will of the people in refusing an examination of their affairs by Commissioners appointed by the Legislature for the express purpose of thoroughly inspecting the operations of every monied corporation in the State. The law under which the commissioners were chosen, was approved more than a week after both of these banks had suspended specie payments, and thereby placed their franchise at the mercy of the Legislature. A charter to a corporation is a grant of privileges—any violation of their power is a misuser, and works a forfeiture. One mode of examination prescribed in a charter does not necessarily exclude such other mode of visitation as the Legislature may designate; neither can the grant of charters to these banks be considered as contracts. No bonus was paid by either: the great object of their creation was the promotion of the planting and commercial interests of the State, by the distribution of loans according to the spirit of their respective charters, and at the same time afford to the people a currency equivalent to gold and silver.

A careful examination of the original charter of the Planters' Bank, and the various amendments thereto, conclusively shows that it was intended that a large portion of its capital should be distributed among the several Senatorial Districts, loaned on mortgage security; and that the respective subscribers for stock should pay the amount subscribed in gold and silver coins, the notes of the Bank of Mississippi, or those of the Bank of the United States or any of its branches. These salutary provisions have never been enforced. The subscribers paid for their stock in part by discounts in the Planters' Bank, and no part of their capital stock has been loaned on mortgage security. The directors of the mother bank have also refused to permit a director, duly commissioned on the part of the State, to take his seat at the board, under the pretense that every director was required by the charter, to own at least ten shares of the capital stock. I do not consider that the original charter sanctions such an interpretation. The 33d section evidently qualifies the 12th; but all doubt is removed by reference to the first section of the act approved February 5th, 1833, which repeals the 12th section of the original act.

The State owns stock amounting to about two million two hundred and twelve thousand seven hundred and forty dollars and thirteen cents, in the Planters' Bank; all of which has been paid in actual capital. Individuals took two millions of stock, a great portion of which is believed to have been paid in stock notes, which remain uncalled to this day, having been renewed from time to time.

Inasmuch as the Planters' and Agricultural Banks have refused a scrutiny into their affairs, I have procured a public document which shows their situation in March last. This statement was compiled under the direction of the Secretary of the Treasury, from actual returns made by those banks, and as it has been long since published and not contradicted, it may be relied on as correct.

Means of the Planters' Bank, April 27th, 1837.

Loans & Discounts,	\$3,733,106 55
Bills of Exchange,	2,880,084 29
Suspended Debt,	2,307,228 46
Stocks,	42,230 00
Real Estate,	184,578 65
Other Investments,	87,667 90
Due from other Banks,	66,685 73
Notes of other Banks on hand,	48,908 00
Specie,	401,521 01
Total am't Resources,	\$9,752,289 59
Liabilities.	
Circulation,	\$1,583,297 13
Treasurer of the U.S.,	1,035,504 28
Public officers,	29,084 13
All other Depositors,	345,262 00
Balance due to Banks,	797,413 32
Other Liabilities,	918,441 23
Capital Stock,	4,303,740 00
Total am't Liabilities,	\$8,823,423 69
Balance after paying off all debts,	\$928,857 90

Agricultural Bank, May 1st, 1837.

RESOURCES.	
Loans & Discounts,	\$2,388,595 56
Bills of Exchange,	2,994,263 59
Suspended Debt,	513,454 72
Real Estate,	37,894 22
Due from Banks,	33,540 60
Notes of other Banks,	41,050 00
Specie,	151,465 78
Total am't Resources,	\$6,159,773 45
Liabilities.	
Circulation,	\$1,075,573 77
Treasurer U.S.,	1,103,636 92
All other Depositors,	284,696 72
Other Liabilities,	564,902 41
Capital Stock,	2,000,000 00
Total am't Liabilities,	\$5,829,649 92
Surplus over Liabilities,	\$339,123 53

Showing the circulation of those two banks to be \$2,659,170 90, a sum nearly equal to two-thirds of the whole circulation of the seventeen banks examined by the commissioners. Their specie, at the same time, amounted to \$552,986 77. I have no means of arriving at their present circulation, but from the fact of their having made heavy purchases of cotton, and advanced large sums on that article, it may be inferred that their issues are now greater than on the 1st May, 1837.

All the revenue of the State is deposited in the Planters' Bank, which also has the control of the sinking and other large funds in which the State is deeply interested. The faith of the State is pledged for the redemption of the bonds sold and invested in stock of the Planters' Bank amounting to two millions of dollars, and in the event of a failure of the bank to pay the principal and interest of these bonds, the persons and property of all our citizens would be subjected to taxation.

The State being the largest stockholder in the Planters' Bank, and all her citizens deeply interested in the fidelity of the management of the institution, it is indeed passing strange that the directors representing less than one-half of the stock should deny the State directors admission, and refuse an examination by commissioners delegated by the Legislature—the sovereign power of the State—for that purpose.

The charter of the Agricultural Bank makes it "the duty of the Governor of this State, to appoint annually, a competent person to inspect such general accounts on the books of the bank as he shall deem necessary, and faithfully to report every violation of the fundamental rules of said corporation." So far as I can ascertain, no such agent has been appointed for more than two years, and I am not aware that any thorough examination has ever taken place. This bank has, by selling specie, and specie certificates, and discounting freely bills of exchange, at usurious rates of interest, made enormous profits for her stockholders. It is believed that not long before her suspension, she declared and paid to her stockholders a dividend of about twelve and a half per cent, on her profits, for the preceding six months, and had a surplus of profits accruing during the same period of about three and a half per cent. Such a dividend is unparalleled in the history of banking, and prove either that the bank infringed on her capital, or was unusually successful in her operations.

The Planters' and Agricultural Banks, being the oldest institutions of the kind in the State, were, nevertheless, the first in the Union to suspend specie payments, and the only ones that ultimately refused an examination by the commissioners. These facts, together with the great interest which the State has in the soundness of the former, have induced me to call your particular attention to their conduct, and to respectfully urge the adoption of such measures as will vindicate the honor and secure the interests of the people of the State. The "grave doubts entertained" by the directors of the Lake Washington and Deer Creek Rail Road and Banking Company, "of the constitutionality of the Legislature from which the powers of the commissioners emanated," have disappeared, and they are now willing to be fully examined. Appended, will be found the statement of its affairs certified by the new board of directors, and transmitted to the Auditor for the inspection of the Legislature.

It remains for me to recommend to the representatives of the people, such measures "as I may deem necessary and expedient."

All the banks in operation last May, having defeated the great object of their creation by failing to fulfil their contracts, should be brought under general and strict regulations, and required to give their assent in a stipulated time to a general bank law; neither should they be suffered to declare or pay dividends, so long as they refuse to fulfil their obligations to their creditors and the community. The stockholders being now unable to pay the residue of the instalments due or to become

due on their stock, it is unnecessary to make any further calls, and the capitals of the several banks should be reduced to the amount actually paid in.

A sordid desire on the part of the managers of banks, to make large dividends for the stockholders, enhance the value of the stock, and secure to the officers a continuation of their places, having greatly contributed to produce the existing distress, no bank ought to be permitted to declare a larger dividend than three and a half per cent. semi-annually. If more is made, one per cent. to be retained for a contingent fund, and all the profits over eight per cent. paid into the State Treasury, and applied to the support of free schools.

Legislatures charter banks to enable capitalists to make safe investments, and to furnish the community with the means of acquiring loans; unless corporations are so modified as to subserve the public good, they are contrary to the genius of republican government: monopolies can never be tolerated by a free people. Those who take stock, admit that they have a surplus capital, and can have no just claim on the banks for loans. The sale of the stocks owned by our citizens, would afford great relief to the banks; the holders of stocks in this State, are the largest borrowers of the banks. It is not to be expected, that the officers of the banks will press their stockholders or curtail their own accommodations, unless compelled to do so. The salutary effect of limitations in their accommodations, as well as in the tenure of their offices, will not be questioned. Rotation in office would correct existing abuses; the new directors would generally scrutinize the affairs of the bank and correct such abuses as may have taken place. If one third of the directors were required to go out of office every year, and none permitted to serve as directors more than two years out of six, we might reasonably expect greater fidelity in the management of the banks. Foreign stockholders control the election of directors in nearly all of our banks; their great object is to make money and keep up the price of their stocks; they centre all their proxies in the hands of the cashier or some other confident—control the election of directors and select such as they deem best calculated to promote of the stockholders; the interest of the country is a secondary consideration. No officer of the bank ought to hold proxies, and the votes by proxy should be limited.

The banks can extend their loans to ten times the present amount, if their continued refusal to redeem their issues is sanctioned by the public voice. This would forever put it out of their power to resume; interest is the great lever which guides them, and they are well aware that they can greatly increase the profits of their stockholders if their suspension is countenanced. Foreign exchange is now about three per cent. below the specie par of exchange; this will cause the precious metals to flow into the country, and we may safely calculate on an abundant supply during the present year. In New-York, exchange on New-Orleans is three and four per cent., while it is fifteen or twenty on Natchez. The cotton now on hand and already shipped will remedy this unjust discrimination.

Most of the solvent banks of the Union will resume specie payments in the course of the ensuing spring and summer. The banks of Mississippi have resources as ample as those of any other State, and with two exceptions, their liabilities are much less in proportion to their available means. During the next summer and fall, the banks, by issuing post notes, payable at the maturity of the crop of 1839, would be enabled to withdraw their circulation payable on demand, and substitute notes payable at a future day, bearing interest. These would pass more currently than the present irredeemable currency. I am fully aware that the great objection on the part of the banks to such issues, is, that they curtail their profits. This argument, however, should not have much force, their improvident management has mainly contributed to the present disorganized state of our currency, and they should cheerfully contribute their aid in giving to the people, at the earliest possible period, a sound currency. Necessity alone could excuse their suspension, but nothing can justify their failure to redeem their issues at any moment when they have the means in their possession.

Money is now abundant in Europe, and can be obtained on unquestionable security at low rates of interest. The rage for speculation has subsided, and every indication warrants the speedy restoration of confidence. Entertaining these views of the situation of the banks of this State, and of the favorable change about to take place, I respectfully suggest that all our banks be compelled to resume specie payments on or before the first of November next, and that such of them as refuse to

comply with this requisition, be compelled to wind up their affairs, for the benefit of their creditors and stockholders.

The Legislature should retain by express provision, the power of altering, amending or repealing bank charters at pleasure.—This salutary check would compel the banks to attend to the wants of the people, and the representatives of the people would never exercise the right, unless the public good imperiously demanded their interposition. An examination of the charters of the various banks in the Union, will show that the power of repealing charters is expressly reserved in several of the States, and never has been exercised, except in cases where gross frauds and mismanagement in the affairs of the bank has been conclusively shown.

If I am correct in the principle, that a bank charter is a grant of privileges which the corporation cannot transcend, without incurring forfeiture, it will be found proven, on an inspection of the report of the bank commissioners, that all the banks examined have exceeded their powers, by engaging in the purchase and shipment of cotton. The banks not examined have pursued the same course. In point of fact, the banks have taken the place of the commission merchant; time alone can determine whether this policy will result in favor either of the banks or the planters: should cotton advance, few complaints will be heard, but should it remain at its present price or recede in foreign markets, the murmurs of the growers will be incessant, and the whole system soon explode. The only excuse on the part of the banks for dealing in cotton, is the tyrant's plea—NECESSITY! It is used to justify every abuse of power and every assumption of authority. The Legislature is the sole judge of the necessity; if they deem it advisable, they can sanction the conduct of the banks. As a temporary expedient, it may, perhaps answer; but it would be dangerous to continue the power long in the hands of corporations, of controlling and selling the great staple of the country.

In conclusion, I suggest to the Legislature, the propriety of taxing the stock of all banks and other corporations in this State; those excepted, which are compelled to construct rail roads.

A. G. McNUTT.

Jackson, Miss. Jan. 17th, 1838

SHOCKING OCCURRENCE.

The following is an extract from a letter to a gentleman in this city dated Louisville, Jan. 5, 1838, which has been politely handed us for insertion.

"I have just returned from viewing an awful scene, the most awful and revolting that my eyes ever beheld. About 2 o'clock this day whilst standing in the door of Hord and Gray's store, we heard the report of fire arms, and upon hurrying to the spot in company with Dr. Miller, J. S. Chenoweth and Dr. Horan, we found the Treasurer of the Mechanic's Savings Institution, Mr. Julian, coming out of the Bank covered with blood. In an instant a crowd had gathered at the place, and the general cry was raised, robbers! robbers! We hurried in to the bank and there found two dead men weltering in their blood, one a Mr. Parker, Clerk of the Bank, the other the robber, a Capt. Dix, formerly a Clerk in the house of Buchanan & Gray, and lately a steamboat Captain. It seems from the statement of Mr. Julian, who is badly wounded with the cancelling hammer, but will probably recover, that when he returned from dinner the door was locked. He knocked and was admitted by Capt. Dix, who was on terms of close intimacy with Parker. Dix struck at him with the hammer, a scuffle ensued, Julian retreated behind the counter, where he found Parker dead. Alarmed greatly, he struck Dix with a chair and effected his retreat into the street much hurt.

Dix now finding that he would be taken blew his own brains out with a pistol he held in his hand. Upon examination it was found that Parker had been killed with the cancelling hammer, and no noise being made Dix undertook to rob the bank, but finding the keys, which were in the possession of Julian, he concluded to remain, kill Julian, and then effect his purpose. He failed to get money in consequence of Julian's escape to the street before he had succeeded in completing his bloody work. No other news of importance." Vicksburg Register.

Marshall S. Bidwell, Esq. who lately, by the advice of Gov. Hend. left Toronto, where he had until recently taken an active part in Albany, with the intention of establishing his residence in that State. He was on Wednesday complimented by being admitted, on motion of the Attorney General, ex-gratia, an attorney and counsellor of the Supreme Court, and also a solicitor and counsellor in the Court of Chancery.